

Message Text

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ORIGIN IO-14

INFO OCT-01 EUR-12 ISO-00 ABF-01 SIG-03 AGRE-00 AID-05
EB-08 ICA-20 COME-00 TRSE-00 OMB-01 SS-15 SP-02
CIAE-00 INR-10 NSAE-00 L-03 AF-10 ARA-14 EA-12
NEA-10 H-02 OIC-02 /145 R

DRAFTED BY IO/AGR:PJBYRNES:DKS
APPROVED BY IO:CWMAYNES
IO:GADALLEY (IN DRAFT)
A/BF/OB:RFELDMAN (IN DRAFT)
IO:IBC:WSOUTHWORTH (IN DRAFT)
-----031694 181641Z /46

P R 181552Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY ROME PRIORITY
INFO USMISSION GENEVA
USMISSION USUN NEW YORK
AMEMBASSY VIENNA
AMEMBASSY PARIS
AMEMBASSY LONDON

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ROME FOR FODAG

E.O. 11652: N/A

TAGS: FAO, AORG, EFIN

SUBJECT: FAO BUDGET 1980/81

REF: STATE 176803, ROME 14103, STATE 189561, GENEVA 11401,
ROME 14732

1. UNITED STATES POLICY IS TO SUPPORT "NO REAL PROGRAM
GROWTH" IN THE BUDGETS OF THE UN AGENCIES FOR 1980/81.
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THIS DOES NOT MEAN NO NEW OR EXPANDED PROGRAMS BUT IT DOES
MEAN THAT, TO THE EXTENT NEW PROGRAMS ARE ACCEPTED, THERE
WILL HAVE TO BE AN EQUAL DOLLAR AMOUNT OF DELETIONS OR
CURTAILMENTS WITHIN THE CURRENT PROGRAM LEVEL. STATE
176803 ENUNCIATED THIS POLICY.

2. OUR CONGRESS, WHICH WAS PROMISED IN 1977 THAT THE U.S.

WOULD STRIVE FOR ZERO GROWTH, WAS SUBSEQUENTLY FACED WITH SUBSTANTIAL BUDGETARY INCREASES IN MOST SPECIALIZED AGENCIES. WHILE THESE INCREASES INCLUDED SUBSTANTIAL INFLATION AND EXCHANGE RATE CHANGES, SHARP REACTION MAY BE EXPECTED IN CONGRESS AND OTHER AREAS IF THESE INCREASES ARE REPEATED IN 1980/81. MOREOVER, FAO ENJOYED MAJOR, ALTHOUGH APPROPRIATE, PROGRAM GROWTH AFTER THE WORLD FOOD CONFERENCE.

3. PRIOR TO AND DURING THE SEPTEMBER 7 GENEVA GROUP (GG) MEETING, FODAG SHOULD DO ALL IT CAN TO PERSUADE THE GG TO ADOPT A COMMON POLICY OF NO REAL PROGRAM GROWTH

IN THE FAO 1980/81 BUDGET. REPORT INDIVIDUAL REACTIONS AS RECEIVED. WE ARE CONVINCED THAT ONLY FIRM, UN-YIELDING GG SOLIDARITY WILL FORCE DG TO ACCEPT ZERO GROWTH PROGRAM AND TO ASSURE, BY VIRTUE OF ADJUSTMENTS, TRANSFERS, AND SUBSTITUTIONS WITHIN WHATEVER BASE WE CAN AGREE UPON, AN ADEQUATE PROGRAM WHICH CAN HAVE MEMBER GOVERNMENT SUPPORT. FODAG SHOULD RECALL THAT SOME COUNTRIES (ITALY AND FRANCE) WERE IN FAVOR OF ZERO PROGRAM GROWTH AT THE TIME OF THE CONSULTATIVE LEVEL MEETINGS IN MAY. JAPAN EXPRESSED PREFERENCE FOR THAT LEVEL IN ROME AUGUST 10 MEETING.

4. OTHER RESULTS AUGUST 10 MEETING APPEAR HELPFUL.
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CANADIANS QUESTIONED BASE, THEREFORE SHOULD SUPPORT SUBSTITUTION OF HIGHER PRIORITY ACTIVITY FOR LESSER IMPORTANT ONGOING ACTIVITIES. FRENCH, SWEDES AND DUTCH ALL WERE CONCERNED WITH JUSTIFICATION FOR ANY PROPOSED INCREASES. LATTER THOUGHT FAO SHOULD IDENTIFY NON-RECURRING COSTS AND PROGRAMS. NO COUNTRY APPEARED TO BE CONTEMPLATING SUPPORT FOR A PROGRAM REFLECTING MORE THAN 2 - 2-1/2 REAL PROGRAM INCREASE ANNUALLY AND ONLY THREE COUNTRIES (CANADA, AUSTRALIA AND SWITZERLAND) COULD, REPEAT COULD, TENTATIVELY ENTERTAIN INCREASES WITHIN THIS RANGE.

5. GG DISCUSSIONS DURING THE 19TH FAO CONFERENCE AND SUBSEQUENTLY HAVE LED TO A SITUATION WHICH HOLDS PROMISE OF ACHIEVING SIGNIFICANT DEGREE OF BUDGETARY RESTRAINT FOR 1980/81 AS COMPARED WITH LARGE ADVANCES WHICH HAVE BEEN ADOPTED FOR LAST THREE BIENNIA. WE BELIEVE IT IS ESSENTIAL TO OBTAIN A FIRM GG CONSENSUS ON ZERO REAL PROGRAM GROWTH OR, IF THAT IS NOT IN THE LONG RUN OBTAINABLE, THEN AS NEAR A CONSENSUS AS WE CAN ENCOURAGE ON THE LOWEST MINIMUM BUDGET LEVEL. FODAG BELIEVES AGREEMENT COULD BE REACHED ON A LEVEL AS LOW AS 2 PERCENT BUT STILL WE MUST DO ALL WE CAN TO LOWER THAT FIGURE. WE

ARE MUCH DISTURBED BY DG SAOUMA'S EARLY THINKING (ROME 14103) ON A 7 TO 7-1/2 PERCENT INCREASE (WHICH ALTHOUGH NOT IDENTIFIED MUST BE ASSUMED TO BE A BIENNIAL INCREASE FOR PROGRAM ONLY. CORRECT THIS ASSUMPTION IMMEDIATELY IF WE ARE WRONG.)

6. WHILE AN UP TO 2 PERCENT REAL PROGRAM ANNUAL INCREASE WAS ACCEPTED IN WHO AND DISCUSSED ELSEWHERE, OUR SUBSEQUENTLY DEVELOPED POLICY (STATE 176803) OF ZERO PROGRAM GROWTH IN THE SPECIALIZED AGENCIES FOR 1980/81 MUST BE PURSUED STRENUOUSLY. WE REALIZE DIFFICULTY WHICH THIS POSITION POSES FOR FODAG, PARTICULARLY IN LIGHT OF OTHER U.S. ACTIONS IN FOOD AND AGRICULTURE WHICH IMPACT ON FAO'S WORK. WE ALSO ARE AWARE THAT IT WAS ALMOST
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ENTIRELY U.S. LEADERSHIP WHICH LED THE GG TO WHERE IT NOW STANDS ON LOW BUDGETARY GROWTH. WE DO NOT WISH TO LOSE OUR EMERGING CONSENSUS SINCE WE KNOW IT IS BEING DEVELOPED IN SPITE OF SOME GG MEMBERS WILLINGNESS TO SUPPORT EVENTUALLY AN ANNUAL REAL PROGRAM INCREASE LARGER THAN 2 PERCENT. WE MUST FIND A WAY TO RETAIN THE SUPPORT WE HAVE DEVELOPED FOR CURTAILING INCREASES.

7. IN PRESSING FOR ZERO GROWTH IN PROGRAM WE MAY HAVE TO AGREE TO ACCEPT THE 1978/79 APPROVED BUDGET, I.E., \$211.3 MILLION AS THE BASE. WE WILL NEED TO WORK DILIGENTLY WITH THE GG IN ROME AND IN THE RESPECTIVE CAPITALS TO IDENTIFY WITHIN THIS LEVEL DECREASES EQUIVALENT TO ANY PROGRAM INITIATIVES TO BE INCLUDED IN 1980/81. MANDATORY INCREASES WILL, OF COURSE, HAVE TO BE HANDLED SEPARATELY AND SCRUTINIZED CAREFULLY. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, ECONOMIC RIGHTS, INTERNATIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE210000
Document Source: CORE
Document Unique ID: 00
Drafter: PJBVRN:DKS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780338-0589
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780848/aaaabnpg.tel
Line Count: 153
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a657e360-c288-dd11-92da-001cc4696bcc
Office: ORIGIN IO
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 176803, 78 ROME 14103, 78 STATE 189561, 78 GENEVA 11401
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1692589
Secure: OPEN
Status: NATIVE
Subject: FAO BUDGET 1980/81
TAGS: AORG, EFIN, FAO
To: ROME
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a657e360-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014